

Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-05 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02

SS-15 USIA-15 AF-10 ARA-14 NEA-10 AID-05 EB-07

EPG-02 TRSE-00 STR-04 OMB-01 CEA-01 COME-00

FRB-01 XMB-04 OPIC-06 LAB-04 SIL-01 AGRE-00 FEA-01

IO-14 ITC-01 /165 W

-----094742 180205Z /63

R 180046Z JUL 77

FM AMCONSUL SURABAYA

TO SECSTATE WASHDC 1051

INFO AMEMBASSY ABANGKOK

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

/AMEMBASSY LONGON 0012

AMEMBASSY LUXEMBOURG

AMEMBASSY MANILA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY SINGAPORE

AMEMBASSY THE HAGUE

AMCONSUL MEDAN

UNCLAS SURABAYA 0331

DEPT PLEASE PASS TO DOC

E.O. 11652: N/A

TAGS: ETRD, ECIN, ID

SUBJECT: ASEAN SEMINAR ON EUROPEAN ECONOMIC COMMUNITY

GENERALIZED SYSTEM OF PREFERENCES

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1. A TEAM OF 8 TRADE EXPERTS FROM THE EEC MET WITH REPRESENTATIVES OF THE ASEAN GROUP OF NATIONS IN SURABAYA, INDONESIA ON JULY 15 TO DISCUSS EXISTING PROBLEMS OF TRADE BETWEEN THE TWO BLOCKS WITHIN THE FRAMEWORK OF THE SYSTEM OF GENERALIZED TRADE PREFERENCES (GSP) FOR ASSISTING DEVELOPING COUNTRIES. TWO CONTENTIONS AROUND WHICH MOST OF THE DISCUSSION

REVOLVED WERE (A) ASEAN'S VIEW THAT MANY PRODUCTS ARE NOW UNFAIRLY EXCLUDED FROM THE GSP SCHEME, AND (B) EEC ARGUMENT THAT ASEAN COUNTRIES ARE NOT ADEQUATELY EXPLOITING THOSE AREAS OF ADVANTAGE THAT ALREADY EXIST.

2. THE ASEAN COUNTRIES WERE NOT GIVEN ANY ENCOURAGEMENT BY THE EEC THAT THERE MIGHT BE FURTHER LIBERALIZATION OF TRQKE POLICY TOWARD DEVELOPING COUNTRIES. ATTEMPTS TO LINK INFLATION AND THE HIGH COST OF PETROLEUM TO TARIFF BARRIERS, CITING THE HIGH COST OF TRANSPORTATION BETWEEN SOUTHEAST ASIA AND WESTERN EUROPE, AND QUESTIONING THE COMPLEX (FOR ASEAN TRADERS) EEC REGULATIONS ON CUSTOMS PROCEDURES AND OTHER IMPORT REQUIREMENTS DID NOT GENERATE ANY SYMPATHY ON THE PART OF THE EEC EXPERTS. THE EEC COUNTERED WITH SUGGESTIONS THAT THERE IS A LACK OF DEMAND IN EUROPE FOR THE PRODUCTS THAT ASEAN NATIONS WANT TO EXPORT AND THAT ASEAN COUNTRIES ARE NOT COMPLYING WITH THE "RULES OF ORIGIN" WHEREBY PRODUCTS ACQUIRE THE STATUS OF COUNTRY OF ORIGIN ONLY IF MATERIALS USED FROM A THIRD COUNTRY FALL UNDER A DIFFERENT TARIFF CLASSIFICATION. THE EEC ADDED THAT ASEAN SHOULD BE CAREFUL ABOUT ASKING FOR A LIBERALIZATION OF THE "RULES OF ORIGIN" BECAUSE SUCH A MOVE MIGHT GIVE A GREATER COMPARATIVE ADVANTAGE TO CERTAIN INDUSTRIALIZED NATIONS THAN TO DEVELOPING COUNTRIES. EEC ALSO SUGGESTED THAT, BY APPLYING

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DIFFERENT NOMINCLATURE TO PRODUCTS WHICH FALL WITHIN SEVERAL TARIFF SCHEDULES, SOME IMPORTING PROBLEMS COULD BE AVOIDED. MARKETING METHODS SHOULD BE REFORMED, AND IN SOME PRODUCT AREAS, LIKE COCOA-BUTTER, THE EEC IS WILLING TO BUY MORE THAN ASEAN IS OFFERING. EEC MEMBERS INSISTED THAT THE WORLD-WIDE MARKET FOR COMMODITIES MUST BE KEPT IN MIND. IF THE EEC OFFERS SPECIAL CONCESSIONS TO ASEAN, THERE WOULD BE COMPLICATIONS IN WORLD-WIDE COMMODITY ARRANGEMENTS.

3. INDONESIA AND THAILAND, EACH REPRESENTED WITH LARGE DELEGATIONS, PRESENTED THE EEC WITH MOST INQUIRIES AND CHALLENGES. SINGAPORE, MALAYSIA, AND THE PHILLIPINES LIMITED THEIR DELEGATIONS TO ONE OR TWO MEMBERS AND RAISED NO DIFFICULT ISSUES. IN THE CASES OF SINGAPORE AND MALAYSIA, THIS COMPLACENCY MAY BE THE RESULT OF BEING TWO OF 13 COUNTRIES WHICH ACCOUNT FOR 68 PERCENT OF ACTUAL USE MADE OF THE EEC SCHEME OF GSP (OTHERS BEING YUGOSLAVIA, BRAZIL, INDIA, HONG KONG, SOUTH KOREA, RUMANIA, PAKISTAN, MEXICO, ARGENTINA, PERU AND VENEZUELA.) EVEN WHEN THE ISSUE OF POCKET CALCULATORS WAS BROUGHT UP, THE SOLITARY SINGAPORE DELEGATE DID NOT SEEM INTERESTED

IN STATING HIS COUNTRY'S POSITION WHICH HAS BEEN
FREQUENTLY AND EMPHATICALLY PRESENTED IN OTHER FORA.

4. THAILAND WAS PARTICULARLY DISPLEASED ABOUT THE ALMOST
TOTAL EXCLUSION OF AGRICULTURAL PRODUCTS IN THE EEC GSP.
THAI DELEGATES PROPOSED THAT SOUTHEAST ASIAN VEGETABLES,
BEANS IN PARTICULAR, HAVE AN ENTIRELY DIFFERENT TASTE
FROM VARIETIES GROWN IN EUROPE AND ARE NOT REALLY
THE SAME PRODUCT. THIS LED TO TWO EEC STATEMENTS OF
CHARACTERISTIC CANDOR -- "A BEAN IS A BEAN NO MATTER
WHAT THE TASTE." AND "WHAT IS REASONABLE MAY NOT BE
POLITICALLY POSSIBLE." THE SOUTHEAST ASIANS ALSO ASKED
GENERAL QUESTIONS ABOUT WHETHER SAUDI ARABIA SHOULD BE
ON THE LIST OF DEVELOPING COUNTRIES GIVEN ITS HIGH
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PER CAPITA INCOME AND WHETHER THERE WAS ANY POSSIBILITY
OF THE EEC SPONSORING A MARSHALL PLAN FOR ASSISTING
DEVELOPING ECONOMIES IN THE THIRD WORLD. ON THE QUESTION
OF HANDICRAFTS, THE DELEGATES COULD NOT RESOLVE A
QUESTION AS TO WHETHER A MACHINE-KNIT SHIRT WHICH IS
HAND-PAINTED WITH A BALINESE DESIGN IS A MACHINE PRODUCT
OR A HANDICRAFT.

5. COMMUNICATION AT THE SEMINAR WAS HAMPERED BY A
FAULTY AUDIO-SYSTEM COMPOUNDED BY THE USE OF ENGLISH AS
COMMON LANGUAGE BETWEEN SOUTHEAST ASIANS AND EUROPEANS.
ENGLISH PROVED PROBLEMATIC DURING DISCUSSIONS OF THE
TECHNICAL ASPECTS OF IMPORT CERTIFICATIONS, CUSTOM
FORMS, AND NOMINCLATURE OF PRODUCTS.

6. THE CONFERENCE ENDED WITH STATEMENTS DECLARING THIS
SEMINAR AS A CONTINUATION OF EARLIER CONFERENCES IN
JAKARTA, KUALA LUMPUR, AND BANGKOK AND WITH OPTIMISTIC
PREDICTIONS THAT TRADE RELATIONS BETWEEN THE TWO AREAS
WILL GROW RAPIDLY. ONE FINAL POINT MADE BY THE EUROPEANS
WAS THAT "GSP IS FOR THE BENEFIT OF THE DEVELOPING
COUNTRIES AND NOT THE DEVELOPED COUNTRIES." THE SOUTHEAST
ASIANS CONCLUDED WITH THE ARGUMENT THAT UNEMPLOYMENT
PROBLEMS IN EUROPE ARE A TRANSITORY PHENOMENON, BUT FOR
THE DEVELOPING COUNTRIES, THE ISSUE IS ONE OF ESTABLISHING
AN ECONOMIC BASE TO SOLVE PROBLEMS OF MASS UNEMPLOYMENT
AND RAISING PER CAPITA INCOME TO AN ACCEPTABLE LEVEL.

7. LOOKING AT THE US OBSERVER, THE INDONESIAN CHAIRMAN
SAID THAT THE MOST POSITIVE RESULT OF CONSULTATIONS WITH
THE EEC, AUSTRALIA, AND NEW ZEALAND HAS BEEN THE DEVELOPMENT
OF TRADE-PROMOTION AGENCIES IN THESE COUNTRIES TO ASSIST
SOUTHEAST ASIAN IMPORTERS, AND HE HOPED THAT A SIMILAR
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DEVELOPMENT WOULD GROW OUT OF JOINT ASEAN-USA DISCUSSIONS.
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Message Attributes

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